

TITLE 4. California Gambling Control Commission

NOTICE OF PROPOSED RULEMAKING

“License Conversion Date Extension”

The California Gambling Control Commission ("Commission") proposes to adopt the regulations described below after considering all comments, objections, or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Commission proposes to amend subsection (d) of section 12205.1 and subsection (c) of section 12225.1 to reflect a revised completion date for the conversion from registration to the licensing of:

1. Providers of Third-party Proposition Player Services,¹ and
2. Gambling Businesses.²

NO APA PUBLIC HEARING

At this time, the Commission has not scheduled an Administrative Procedure Act (APA) public hearing. Any interested person or his or her duly authorized representative may request such a hearing, pursuant to Government Code section 11346.8, no later than 15 days prior to the close of the comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relative to the proposed regulatory action to the Commission at any time during the 45-day public comment period. To be considered for a summary and

¹ As defined in California Code of Regulations, Title 4, paragraph (28), subsection (b), of section 12200

² As defined in California Code of Regulations, Title 4, paragraph (11), subsection (b), of section 12220

response, all written comments must be received no later than 5:00 p.m., Monday, April 30, 2007.

Written comments for the Commission's consideration should be directed to:

Herb Bolz, Senior Legal Counsel & Regulations Coordinator
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100, Sacramento CA 95833-4231
Telephone: (916) 263-0490
Fax: (916) 263-0452
E-mail: Hbolz@cgcc.ca.gov

OPEN MEETING OF COMMISSION

After the APA public comment period is concluded, the Commission will place this regulation item on its agenda for consideration and possible action during one of its regular public meetings, likely in May 2007. The dates of Commission public meetings are posted on the Commission website, www.cgcc.ca.gov. Also, agendas are mailed out 10 days in advance to anyone who asks to be placed on the agenda mailing list. Requests to be placed on the agenda mailing list may be addressed to Lisa King, Executive Assistant, at lking@cgcc.ca.gov or 916-263-0700.

AUTHORITY AND REFERENCE

Authority for the proposed regulations is provided by various provisions of the Gambling Control Act, which may be found in Business and Professions Code sections 19800 through 19987. In particular, Business and Professions Code sections 19840, 19841, 19853(a)(3) and 19984 provide authority to enact this regulation.

The reference citations are as follows: the proposed regulations implement, interpret, or make specific Business and Professions Code sections 19984, 19853(a)(3) and 19867.

INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW

Current regulations call for a transition from registration to the licensing of both third-party providers of proposition player services³ and gambling businesses.⁴ These regulations call for this transition from registration to licensing for persons registered prior to April 30, 2004, to be completed by July 1, 2007.

The process for this transition includes a requirement that all registrants (registered prior to April 30, 2004) submit an application for license conversion to the Commission within 30 days of a summons from the Division of Gambling Control (Division).

As of January 17, 2007, Commission records reflect that this process involves 1082 registrations that must be converted to licenses. This includes 14 third-party providers, 1 gambling business, 17 owner entities, 107 owners, 82 supervisors and 861 players.

As part of this process, the Division's licensing staff will conduct in-depth background investigations on each individual and/or business to determine whether they are suitable to hold a state gambling license. Suitability is determined by a number of factors including but not limited to the applicant's honesty, integrity, general character, reputation, habits, and financial and criminal history.

This background investigation requirement has created an unprecedented workload for the Division. As a result, this proposed regulation change would extend the due date for the completion of the license conversion project from July 1, 2007 to July 1, 2008. This additional one-year period will allow the Division sufficient time to summon the remaining registrants and complete the background investigations.

DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: These regulations do not impose a mandate on local agencies or school districts.

Cost or savings to any state agency: None

³ California Code of Regulations, Title 4, subsection (d) of section 12205.1

⁴ California Code of Regulations, Title 4, subsection (c) of section 12225.1

Cost to any local agency or school district that must be reimbursed in accordance with Government Code section 17561: None

Other non-discretionary cost or savings imposed upon local agencies: None

Cost or savings in federal funding to the state: None

Cost impact on representative private person or business: None

Impact on Business: The Commission has made a determination that the proposed regulatory changes will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

Significant effect on housing costs: The Commission has made an initial determination that the proposed regulatory action would not affect housing costs.

Effect on small business: The Commission has made an initial determination that the proposed regulatory action would affect small businesses. The action would benefit small businesses by giving them additional time to complete the process of converting registrations into licenses.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

ASSESSMENT REGARDING CREATION OR ELIMINATION OF JOBS IN CALIFORNIA

The Commission has made an assessment and determined that the adoption of the proposed regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses in the State of California.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action should be directed to:

Herb Bolz, Senior Legal Counsel & Regulations Coordinator
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100, Sacramento CA 95833-4231
Telephone: (916) 263-0490
Fax: (916) 263-0452
E-mail: Hbolz@cgcc.ca.gov

Requests for a copy of the proposed text of the regulation, Initial Statement of Reasons, the modified text of the regulation, if any, should be directed to:

Pam Ramsay, Legal Division Analyst
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100 Sacramento, CA 95833-4231
Telephone: 916-263-8111, Email: pramsay@cgcc.ca.gov, Fax: 916-263-0499

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Commission will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at the office address noted above. As of the date that this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the Initial Statement of Reasons. A copy of these documents may be obtained by contacting Herb Bolz at the address or telephone number listed above or by accessing the Commission's website at <http://www.cgcc.ca.gov>. Upon its completion, the Final Statement of Reasons will be available and copies may be requested from the Regulations Coordinator or viewed on the website.

AVAILABILITY OF MODIFIED OR CHANGED TEXT

Following the public comment period, the Commission may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text,

with changes clearly indicated, will be made available to the public for at least 15 days prior to the date on which the Commission adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Herb Bolz at the address indicated above.

The Commission will accept written comments on the modified regulation for 15 days after the date which it is made available.